



## Investment Behavior towards Different Financial Products

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### ABSTRACT

The objective of the research is to study the investment behavior of government employees towards different financial products available in the market so here 50 government employees were chosen as respondents in the research.

We all know there are various investment products available in the market such as bank deposit, mutual funds, stock market etc so in my research I have studied that what are the preferences for the different investment avenues by the government employees, what are the most desirable investment products, how much amount of income they invest in financial products, what are the factors affect them to take investment decision, what are the sources from where they get information about investment, how frequently they invest in different investment avenues so after taking the response of 50 peoples. It found that most of the peoples are still investing into tradition investment avenues like bank deposits, post office etc because either they are unaware of other financial products or they don't want to take enough risk in their investment that's why they are not much satisfactory with their current investment.

**Keywords:** Risk, Investment Behavior.

### INTRODUCTION

India has one of the most elevated investment funds rate on the world which demonstrates that Indians are having a high inclination to spare. Be that as it may, the vast majority of the funds made by Indian family units is as bank stores, in this way the designation of investment funds is an incredible reason for concern. RBI in its report has said that lone 1.4% of Indian family units' reserve funds was put resources into value, shared assets and debentures in 2003-2004. Another review (Shukla, 2009) has found that more than 80% of Indians spare yet 36% of the Indian families keep their investment funds at home. 51% family units keep their investment funds in bank stores though stock and protection represented just 3% of assessed family unit funds in 2007-2008, which is less. Indians by putting their cash in low yielding instruments and conventional monetary items are not ready to exploit new age money related items which can possibly create higher returns. The primary purpose for this is low money related education (Bhushan and Medury, 2013). It is critical that speculators ought to end up noticeably more monetarily mindful so that our nation of savers can get changed over into a nation of financial specialists. For the improvement of money related markets, it is critical that

notwithstanding sheltered and conventional budgetary items accessible in the market, individuals additionally put resources into new and inventive budgetary items which can possibly give higher comes back to financial specialists. It is likewise essential from the perspective of budgetary specialist organizations to pick up an understanding into mindfulness level and speculation inclinations of people so that in like manner money related items can be created. For enhancing budgetary proficiency of individual's there falsehoods a requirement for monetary instruction. For outlining a powerful monetary training program, current mindfulness level and additionally speculation conduct of people towards monetary items must be known.

### RESEARCH METHODOLOGY

To fulfill the set objective of the research following methodology were adopted.

#### Definition of population

Since the study is mainly related to know the investment behavior of government employees towards different financial products available in the market. So selected government employees of the city Gwalior is been used as respondents.

#### Types of research

This is a descriptive research where survey method is adopted to collect primary information from the investors using different scales as required and the required secondary information for the analysis

#### Sampling procedure

The sampling procedure followed in this study non probability convenient sampling, simple random procedures are used to select the respondent from the available database. The research work will be carried on the basis of structured questionnaire. The study is restricted to government employees

#### Sampling size

For this research the sample size is taken as 50 respondents in the city Gwalior only and to represent the features of entire population this is sufficient

#### Analysis of Data

Keeping in mind the end goal to break down the gathered information, simple percentage analysis instrument were utilized. It expresses the frequency and percentage of the respondents' profile, state of



mind and assessment with respect to various factors. The examination of information accumulation is finished and given deliberately the utilization of various tables.

### OBJECTIVE OF THE STUDY

- To understand the behavior and their perceptions of government employees towards different financial products
- To understand the capacity of government employees to bear risk related to different financial products

- To understand what are the factors which influence government employees to make an investment decision
- To understand the prime objectives of government employees for their investments

### DATA ANALYSIS AND INTERPRETATION

#### Respondent choices for different investment avenues:

In table 1 you can see that the preference of all the respondents towards in different investment avenues in percentage term

Table 1: Preferences for investment (numbers in %)					
S. No.	Post office/bank Deposit	Schemes (insurance)	Mutual fund/share market	Real estate	Ornaments/Bullions
1	<b>42</b>	24	10	14	10
2	28	<b>30</b>	8	16	18
3	16	20	14	<b>34</b>	16
4	10	16	18	20	<b>36</b>
5	4	10	<b>50</b>	16	20

Following information can be gathered from table 1

- ✓ 42 % respondents preferred post office/bank deposits as their 1<sup>st</sup> choice of preference
- ✓ 30% of people choose insurance schemes as their 2<sup>nd</sup> choice of preference
- ✓ 34% of respondent choose real estate as their 3<sup>rd</sup> choice of preference
- ✓ 36% of investors choose ornaments/bullions as their 4<sup>th</sup> choice of preference
- ✓ 50% of investor choose mutual fund/share market as their least preferred choice of investment avenues

#### Income wise preference of respondents:

Now this table 2 provides the information regarding the investment behavior of respondents with reference to their income level

Table 2: Income wise preference							
S. No.	Income level	Post office/bank deposit	Schemes (insurance)	Mutual fund/share market	Real estate	Ornaments/bullions	Respondents number
1	25000 & below	4 (33.33%)	3 (25%)	2 (16.66%)	1 (8.33)	2 (16.66%)	12
2	25000-30000	7(46.66%)	3(20%)	2(13.33%)	2(13.33%)	1(6.66%)	15
3	30000-40000	8(50%)	3(18.75)	2(12.5)	2(12.5)	1(6.25)	16
4	40000 & above	2(40)	2(40%)	1(20%)	1(20%)	1(20%)	5
	No. of respondents	21	11	7	6	5	50

From this table 2 we can observe the following things -

- ✓ From all four group we can say that post office and bank deposit is the first preference of investment except



40000&above group their first preference was both post office or bank deposit and insurance schemes

- ✓ For first three groups insurance was the 2<sup>nd</sup> most preferable investment avenue
- ✓ For first group real estate is the least preferred investment
- ✓ For 2<sup>nd</sup> and 3<sup>rd</sup> group ornaments/bullions is the least preferred investment
- ✓ For the last group real estate, mutual fund/share market, ornaments/bullion is equally preferred investment

#### Now comes the most desirable investment avenues:

Table 3 give the data about the longing of test speculator towards different venture items as bank deposit, Insurance, share market, real estate and bullions and so on. Here most Desirable Avenue implies respondents need to put resources into specific Investment avenues for its lucrative elements, yet they are not ready to do as such because of a few reasons as high risk, high sum of money are required for investment and so forth

Table 3: Highest desirable investment avenues (numbers in %)					
S. No.	Post office/bank deposit	Schemes (insurance)	Mutual fund/share market	Real estate	Ornaments/bullions
1	20	12	10	40	18
2	38	13	10	25	14
3	22	14	13	18	33
4	12	30	24	11	23
5	8	31	43	6	12

We can observe following things from table 3-

- ✓ If you see the table 40 % respondents have given real state as their first preference so it is the most desirable investment avenue
- ✓ 2<sup>nd</sup> most desirable investment avenue is bank deposit / post office as 38 % have given it as their 2<sup>nd</sup> desire
- ✓ 3<sup>rd</sup> most desirable is ornaments/bullion with 33 %
- ✓ 4<sup>th</sup> most desirable investment is 30 % insurance schemes
- ✓ Least desirable investment avenue is mutual fund / share market with 43 %

#### Investment objectives

Table 4 : Investment objectives		
S. No	Factors	Respondents in percentage
1	Retirement planning	16
2	Career & education	26
3	To buy dream asset (house, car etc)	18
4	Wealth creation	12
5	Any future emergency (medical, death etc)	24
6	Other (world tour ,marriage etc)	4

We can observe following things from table 4

- ✓ 26% respondents invest money for higher education for their children in future

- ✓ 24 % people investment money so that they can be secured in their bad times in future
- ✓ 18 % invest so that they can buy any of their dream asset in future like car and own house
- ✓ 12% respondents invest to they can create wealth for themselves
- ✓ 16 % invest their money so they have enough money after retirement to live a healthy life
- ✓ And only 5 % people invest for other purposes like children's marriage , going for a tour etc

#### Factor affecting decision for investment:

An investor looking for satisfaction their objectives, he contribute their cash in various roads concurring their need however a few variables like risks resistance, requirement for consistent salary, tax liability and so forth go about as requirement for their investment choice. Table 4.5 gives data around five variables which impact the investors conduct and inclinations at incredible degree. These components assume essential part to select specific venture roads

Table 5: Factor affecting investment decision		
S. No	Factors	Respondents in %
1	Liquidity & regularity in returns	20
2	Tax liability	16
3	Expectations of return	24



Table 5: Factor affecting investment decision		
S. No	Factors	Respondents in %
4	Risk resilience & safety	32
5	Steadily savings	8

Following things can be observed from table 5

- ✓ Risk resilience and safety is the most important factor for the investor before investing in financial products & they carefully analyse the risk associate with the investment avenue
- ✓ Expectation from the return stands the 2<sup>nd</sup> most important factor while considering the investment avenue
- ✓ Liquidity and regularity of income associated with the investment avenue is the 3<sup>rd</sup> most important factor with 20%
- ✓ 16 % people consider tax liability an important factor before choosing an investment avenue , they want an investment avenue which reduces their tax liability
- ✓ Steadily saving is the least important factor before deciding an investment avenue

#### Percent of investment from saving:

Table 6 give data about venture sparing example of financial specialist. It indicates how much rate of yearly wage is spared and contributed by the example financial specialist in the wake of overseeing their costs.

Table 6 : Saving and investment pattern		
S. No	Factors	Respondents in %
1	No saving	10
2	1% to 10%	24
3	11%to20%	34
4	21%to 30%	20
5	31% and above	12

Following things can be observed from table 6-

- ✓ 34% of respondents are able to invest their 11-20 % of their yearly incomes
- ✓ 24 % of people are able to invest their 1-10% of their yearly income
- ✓ 20% of people are able to invest their 21-30 5 of yearly income

- ✓ 12% of people are able to invest their 31 and above % of their income
- ✓ And 10 % people are such who have nearly zero savings from their earning to invest

#### Risk Bearing Capacity:

The salary class scarcely could spare a little measure of their yearly wage due to enormous costs of today. So table 4.7 speak to their hazard bearing limit as high, low or moderate, for making any investment

Table 7 : Risk bearing capacity		
S. No	Factors	Respondents in percentage
1	High risks bearer	6
2	Moderate risks bearer	32
3	Low risks bearer	62

Following information can be gathered from table 7

- ✓ 6 % respondents are ready to take high risk.
- ✓ 62% peoples are not ready to take risk to make an investment.
- ✓ And 32 % investors are ready to take moderate risk

#### Information gathered from different platforms about investment

An investor can only invest when he is able to gather information about the investment avenues

And table 8 shows the source of information for investors about investment

Table 8: Information source about investment		
S. No.		Respondents in %
1	Themselves only	20
2	Advertisement	24
3	From professional	22
4	Relative ,family, friend	34
5	Electronic or print media, website	14

Following information can be gathered from table 8

- ✓ 34 % people get information from relative friends and family about the investment & invest on their advice into any investment avenues
- ✓ 24% people are influenced by advertisement to make an investment decision
- ✓ 22% people seek professional advice to invest somewhere
- ✓ 20% people are themselves capable enough to make an investment decision , they themselves have enough knowledge about investment



- ✓ 14 % people seek information of investment from electronic or print media

#### Frequency of investment:

Table 9 provides the information about how frequently the respondents invest into different investment avenues

Table 9: Frequency of investment		
S. No.	Factors	Respondents in %
1	Month wise	28
2	Quarter wise	16
3	Half year wise	26
4	Year wise	30

It is observed that 30% people invest yearly, 28 %invest monthly, 26% invest half yearly and 16 % invest quarterly.

#### Level of satisfaction from current investments:

Table 10 shows the satisfaction level of investors from their current investment

Table 10: Level of satisfaction of respondents		
S. No.	Satisfaction level	Respondents in percentage
1	High satisfaction	46
2	Just satisfaction	40
3	Low satisfaction	14

#### Following information can be gathered from table 10

- ✓ 46 % of people is highly satisfied from their current investments
- ✓ 40 % people are comfortably satisfied with their investments
- ✓ And 14 are not very satisfied with their current bunch of investment

#### CONCLUSION

Indian economy is developing at a higher pace and per capita income of government employees is additionally expanding. Be that as it may, inflation rate is additionally expanding at a higher rate than the expanding rate of per capita incomes of government employees. So it is exceptionally testing for the Govt. employee class to make their investment in the wake of dealing with their expense. The government employees searches for most secure or less dangerous investment avenue

due to their moderate savings and wants to make investments agreeing to their risk bearing limit. That's why they prefer to invest in products like bank deposit, post office deposit, insurance policies but because the returns are pretty low in such investments so they are not very much satisfied with their investments as you can see there is only 6% interest rate in savings account and due to this low return on investment their future needs remain unfulfilled So policy maker and government ought to make strategies, concurring their investment conduct and needs.

We found that

- ✓ Post office deposit/bank deposit are first preferable and 2<sup>nd</sup> most desirable investment avenues because their risk is less, returns are satisfactory and great amount of liquidity. here the depositor can withdraw whenever he needs it
- ✓ Share market is the least most preferred investment avenue as there is a great amount of lack of knowledge & misconceptions about it
- ✓ Real estate investment is the highest desirable investment avenue because it gives you great returns within less time and also gives you security and status in the society but most of the respondents don't invest in it as it requires huge amount of money to invest
- ✓ For respondents education is the main objective to invest money because they need money in future for their children for their higher education
- ✓ The capacity to bear risk is generally low in government employees , so this plays a crucial role for them while they decide to put money into investment avenues as 62% of respondent are low risk taker and 32 % of respondent which is highest consider risk as the highest factor while choosing any investment avenue that's why they don't want to invest in stock market because it contains high risk
- ✓ Government employees decision of making investment is highly influenced by their relatives, friends and family as 34% of them gather information from them before investing into any investment avenue
- ✓ They like to invest yearly in different investment avenues as 30% of them responded in that favor

Investor have adequate learning about different financial products as bank deposit, bullions ,land





however they don't mindful about securities exchange, share, bond and debenture and they have a few misinterpretation about share market as "share market bhut risky hai humesha loss hota hai yaha" so government and policies maker ought to make a few projects and approaches for teaching a feeling of mindfulness among the investors of the class and urging them to put resources into share market .Free consultancy about investment opportunity and most recent occurring in the money related market , ought to be given by promoters of share market, dealers ,traders and money related experts .

Real estate is the most attractive investment product for the government class, however they are not ready to contribute their cash in it because of interest of high liquidity. So policy makers and government ought to make plans for simple lodging fund with low financing cost on home credits.

The government employees is more intrigued to purchase gold in type of jewelries as opposed to in types of biscuits or coins so gold coins ought to be advanced by post office and banks to upgrade the general population for making interest in bullions

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